

### **How Did Covid-19 Affect Well-being in Central America and the Caribbean?**

The countries of Central America and the Caribbean all registered declines in their Human Development Index scores in the 2021-2022 issue of the *Human Development Report*, except for Guyana and Nicaragua. The decline was greater than the world average for all but four of these countries, three of which derive most of their foreign earnings from tourism. The Bahamas was the least affected country in this region, with a 0.5 percent decline between 2019 and 2021, compared with the world average loss of 0.9 percent. The Bahamas earns two-thirds of annual foreign currency inflows from tourism. Other countries that suffered a less severe impact than the world average were the Dominican Republic, Grenada and St Kitts-Nevis. The DR is the only one which has a significant source of foreign earnings other than tourism; exports of clothing and medical supplies earn the country 36 percent of annual foreign income, with 25 percent coming from tourism. Grenada and St Kitts-Nevis rely on tourism and related services for the bulk of foreign earnings.

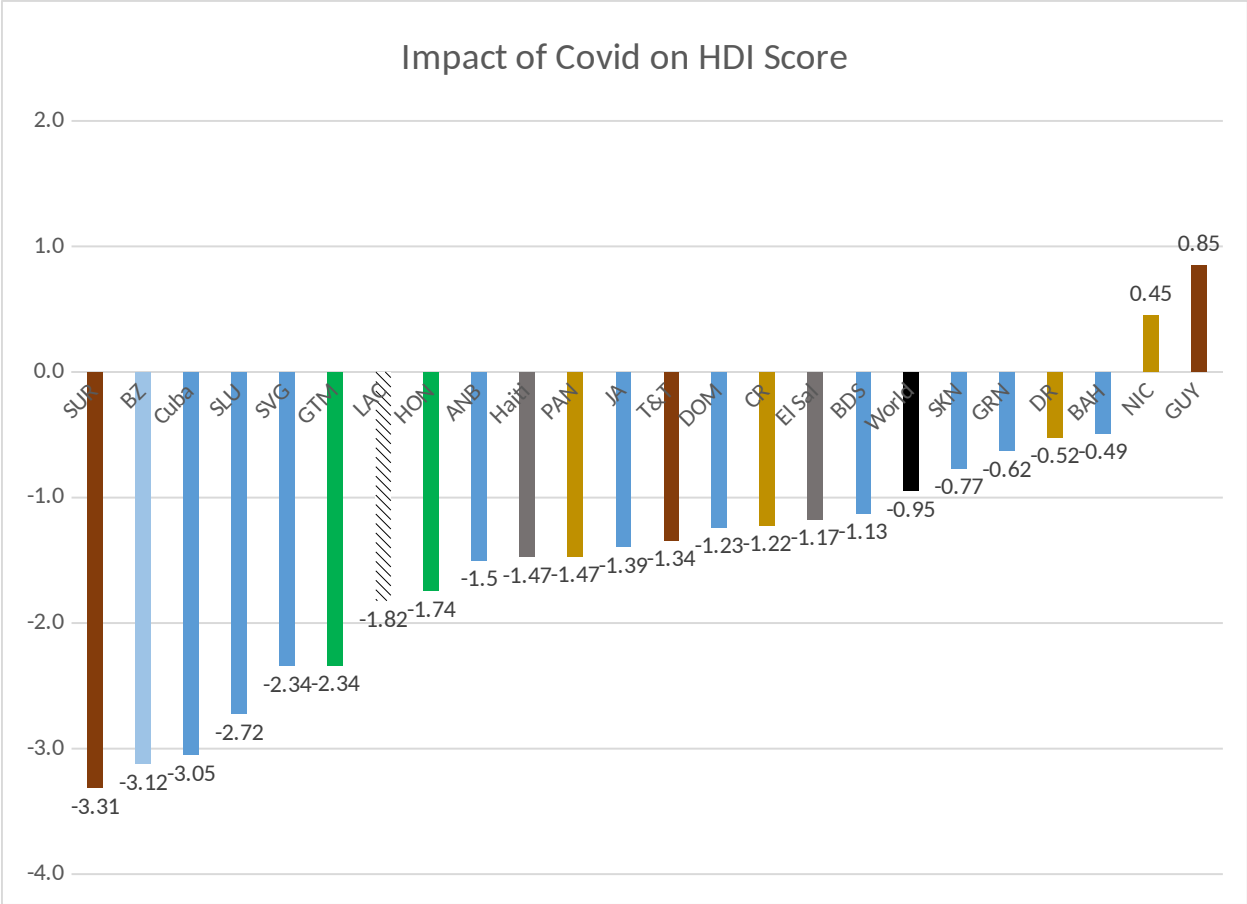
On average, countries in the wider Latin America and Caribbean (LAC) region were more severely affected by Covid-19 than the world average, with a fall of 1.8 percent between 2019 and 2021, twice the world average. There were ten countries from the Central America and Caribbean sub-region which were more seriously impacted by Covid-19 than the world at large, but which sustained losses that were less severe than for the wider group that includes all of Latin America. These ten countries include every type of economy to be found in the region. There were four countries that have no important source of foreign earnings other than tourism: Barbados, Dominica, Jamaica and Antigua-Barbuda. Also in this group are two countries whose main exports are clothing and appliances, Costa Rica and Panama. Honduras exports

agricultural products and Trinidad-Tobago is a petroleum exporter. Two countries, El Salvador and Haiti, now depend mainly on remittances from abroad for their foreign currency needs.

The worst performing countries in Central America and the Caribbean suffered losses in excess of 1.8 percent, the average for the wider Latin America and Caribbean region. This group includes Guatemala, which exports mainly agricultural products, as well as three countries that depend almost entirely on tourism, St Vincent and the Grenadines, St Lucia and Cuba. Belize, which is also in this group, derives most of its foreign currency from tourism, but it also exports agricultural products. The most severe decline was in Suriname, where the Human Development Index score fell by 3.3 percent between 2019 and 2021.

The new *Human Development Report*, published on September 8, 2022, provides an incomplete view of the impact of the Covid-19 pandemic. The HDI combines three elements, the purchasing power of average national income, life expectancy and years of schooling. The 2021 data in the *Human Development Report* does include the Covid-19 impact on income and life expectancy; however, it will not be clear for some time what effect the makeshift arrangements and time lost in school systems will have on school dropout rates and other indicators of educational achievement. The long-term effects on health are also unknown at this time.

There are two countries in Central America and the Caribbean where the HDI score actually improved during the Covid-19 period. Guyana's score rose 0.8 percent, entirely because of the beginning of oil production, which stimulated a 65 percent increase in the country's national income per capita. National income per capita rose seven percent in Nicaragua, and the country avoided any decline in life expectancy, resulting in a 0.5 percent improvement in the country's HDI score. However, in both cases, the country's position in the world HDI ranking remains below the average for Latin America and the Caribbean, as well as the world average.



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